

## **MINUTES**

### **MONTANA SENATE 56th LEGISLATURE - REGULAR SESSION**

#### **COMMITTEE ON TAXATION**

**Call to Order:** By **CHAIRMAN GERRY DEVLIN**, on March 30, 1999 at 1:30 P.M., in Room 413/415 Capitol.

#### **ROLL CALL**

**Members Present:**

Sen. Gerry Devlin, Chairman (R)  
Sen. Bob DePratu, Vice Chairman (R)  
Sen. John C. Bohlinger (R)  
Sen. Dorothy Eck (D)  
Sen. Jon Ellingson (D)  
Sen. Bill Glaser (R)  
Sen. Barry "Spook" Stang (D)

**Members Excused:** Sen. E. P. "Pete" Ekegren (R)  
Sen. Alvin Ellis Jr. (R)

**Members Absent:** None

**Staff Present:** Sandy Barnes, Committee Secretary  
Lee Heiman, Legislative Branch

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: None  
Executive Action: HJR 2

#### **EXECUTIVE ACTION ON HJR 2**

**Motion:** SEN. DEPRATU MOVED THAT HJR 2 DO PASS.

**Discussion:**

**SEN. ELLINGSON** said he feels that it ought to be modified and amended to reflect the impact of the Supreme Court action on **SB 195**. He said the testimony from **Terry Johnson** was that there is \$1.85 million of lost revenue that is not reflected in the

revenue estimate. Secondly, he believes there is still conflicting information about the \$30 million that may or may not result from the sale of the Montana Power Company generating plants. The legislature needs to be aware of that and that it cannot count on that money being in the bank until it is there.

**SEN. DEPRATU** said that the revenue estimate does state the reservation on page 3 regarding the MPC sale, so it is made known.

**SEN. STANG** said he agreed with **SEN. ELLINGSON** as far as those two reservations. He said it is probably as sound an estimate as he has seen.

**CHAIRMAN DEVLIN** said that the \$1.8 million could be found somewhere else if necessary, but the \$30 million is different and that is why it was set aside and kept in plain view.

**SEN. BOHLINGER** asked how a business could avoid paying the capital gains tax, and **SEN. STANG** said he was sure there was a way to reinvest so as to at least not pay all of it.

**SEN. ECK** said the advantage of passing this as it is is that it does not have to go back to the House.

**SEN. ELLINGSON** said in response to **SEN. BOHLINGER'S** question, he knows that there are lots of high tech investments and mergers and acquisitions that are being made where a company would have a \$30 million research and development writeoff that could be a tax advantage. He thinks that Montana Power Company might acquire a company that has one of those tax writeoffs that can be charged against and then there would be nothing.

**Vote: Motion carried 8-0.**

**CHAIRMAN DEVLIN** said **SEN. DEPRATU** will carry this.

**ADJOURNMENT**

Adjournment: 1:42 A.M.

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SEN. GERRY DEVLIN, Chairman

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SANDY BARNES, Secretary

GD/SB

**EXHIBIT (tas71aad)**